



Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
MARCH 1, 2010

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF CONSENT AGENDA
5. APPROVAL OF MINUTES:

CITY CLERK'S OFFICE

DATE 1-26-10 TIME 1:20 pm

SERVED BY Laura Vigil

RECEIVED BY [Signature]

FEBRUARY 15, 2010

6. UPDATE ON CITY BUDGET PROCESS (DAVID MILLICAN)
 - A. PEER REVIEW TEAM PRESENTATIONS
 1. PEER REVIEW TEAM 3 PRESENTATION – GENERAL GOVERNMENT (BARB BOLTREK)
 2. PEER REVIEW TEAM 4 PRESENTATION – LAND USE (THOMAS WILLIAMS)
 3. UPDATE AND REQUEST FOR APPROVAL OF FINANCE AND ADMINISTRATIVE SERVICES RESPONSE TO PEER REVIEW TEAM 1 RECOMMENDATIONS PRESENTED ON FEBRUARY 15, 2010 FINANCE COMMITTEE MEETING (DAVID MILLICAN)
 - B. PROPOSALS TO IMPLEMENT BUDGET BALANCING MEASURES FOR FISCAL YEAR 2009-2010 AND FISCAL YEAR 2010-2011
 1. REVENUE AND ECONOMY UPDATE
 2. MID-YEAR REVIEW AND CONTINGENCY PLAN STATUS
 - C. STATUS UPDATE ON THREE (3) CONDITIONS FOR NEW BUDGET MEASURES FOR FISCAL YEAR 2010-2011
 1. CONTRACT REDUCTIONS
 2. CONTINGENCY PLANNING
 3. PRESENT RESTRUCTURING COMMITTEE PLAN
 - D. CLASSIFICATION AND COMPENSATION STUDY – REPORT AND RECOMMENDATIONS BY EVERGREEN SOLUTIONS, LLC (VICKI GAGE)



CONSENT AGENDA

7. REQUEST FOR APPROVAL OF GRANT AGREEMENTS – 2009 SPECIAL SESSION NEW MEXICO LEGISLATIVE GENERAL FUND APPROPRIATIONS; STATE OF NEW MEXICO DEPARTMENT OF FINANCE AND ADMINISTRATION LOCAL GOVERNMENT DIVISION (DAVID CHAPMAN)
 - A. REQUEST FOR APPROVAL OF PROVIDER CONTRACTS (VARIOUS VENDORS)
 - B. REQUEST FOR APPROVAL TO ESTABLISH PROJECT BUDGETS
8. REQUEST FOR APPROVAL OF MEMORANDUM OF AGREEMENT – SCHOOL CROSSING GUARD PROGRAM; SANTA FE PUBLIC SCHOOLS (MIKE LANDAVAZO)
9. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO VENDOR AGREEMENT – SERVICES PROGRAM FOR SENIOR DIVISION; NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT NON-METRO AREA AGENCY ON AGING (RON VIALPANDO)
 - A. REQUEST FOR APPROVAL OF BUDGET DECREASE FROM GRANT REVENUES– GRANT FUND
10. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO AGREEMENT - NUTRITION SERVICE INCENTIVE PROGRAM FOR SENIOR DIVISION; NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT NON-METRO AREA AGENCY ON AGING (RON VIALPANDO)
 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE FROM GRANT REVENUES – GRANT FUND
11. REQUEST FOR APPROVAL OF GRANT AWARD – COPS HIRING RECOVERY PROGRAM FOR EIGHT (8) NEW OFFICERS FOR POLICE DEPARTMENT; U.S. DEPARTMENT OF JUSTICE (POLICE CHIEF ARIC WHEELER)
 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND



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12. REQUEST FOR APPROVAL OF GRANT APPLICATION AND AWARD – FY 2010/2011 LAW ENFORCEMENT PROTECTION FUND FOR POLICE DEPARTMENT; STATE OF NEW MEXICO DEPARTMENT OF FINANCE LOCAL GOVERNMENT DIVISION (POLICE CHIEF ARIC WHEELER)
13. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING EXHIBIT B CHAPTER 21 SFCC 1987 REFUSE AND RECYCLING RATE AND FEE SCHEDULE IN ORDER TO INCREASE MONTHLY CHARGES FOR RESIDENTIAL AND COMMERCIAL CUSTOMERS BY 4.2% PER YEAR FOR FOUR YEARS; AND MAKING SUCH OTHER CHANGES AS ARE NECESSARY (COUNCILOR ROMERO) (BILL DEGRANDE)

Committee Review:

Public Utilities (Cancelled)	2/3/10
Public Works (Approved)	2/8/10
Public Utilities (Scheduled)	3/3/10
Council (Request to Publish)	3/10/10
Council (Public Hearing)	3/31/10

Fiscal Impact - Yes

14. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING RULE 18 OF EXHIBIT A, CHAPTER 25 SFCC 1987 REGARDING WATER METERS (COUNCILOR DOMINGUEZ AND COUNCILOR BUSHEE) (BRIAN SNYDER)

Committee Review:

Public Utilities (Cancelled)	2/3/10
Public Works (Approved)	2/8/10
Public Utilities (Scheduled)	3/3/10
Council (Request to Publish)	3/10/10
Council (Public Hearing)	3/31/10

Fiscal Impact – No

15. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SECTION 25-4.2 SFCC 1987 REGARDING WATER RATE ADJUSTMENTS. (MAYOR COSS AND COUNCILOR WURZBURGER) (BRIAN SNYDER)

Committee Review:

Public Works (Cancelled)	2/22/10
Public Utilities (Scheduled)	3/3/10
Council (Request to Publish)	3/10/10
Council (Public Hearing)	3/31/10

Fiscal Impact – Yes



16. REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING ADMINISTRATIVE PROCEDURES FOR WATER DEMAND OFFSET REQUIREMENTS (COUNCILOR CALVERT) (WENDY BLACKWELL)

Committee Review:

Public Utilities (Cancelled)	2/3/10
Public Works (Approved)	2/8/10
Public Utilities (Scheduled)	3/3/10
Planning Commission (Scheduled)	3/4/10
Council (Request to Publish)	3/10/10

Fiscal Impact – No

17. REQUEST FOR APPROVAL OF A RESOLUTION AMENDING RESOLUTION NO. 2009-114 TO REDUCE THE SHARE OF FUNDING PROVIDED BY THE NEW MEXICO DEPARTMENT OF TRANSPORTATION (“NMDOT”) FOR THE CAPITAL COOPERATIVE AGREEMENT WITH THE NEW MEXICO DEPARTMENT OF TRANSPORTATION FOR IMPROVEMENTS ON PACHECO STREET. (COUNCILOR WURZBURGER AND COUNCILOR ROMERO) (DAVID CATANACH)

Committee Review:

Public Works (Cancelled)	2/22/10
Council (Scheduled)	3/10/10

Fiscal Impact - Yes

END OF CONSENT AGENDA

DISCUSSION

18. OTHER FINANCIAL INFORMATION:
- A. UPDATE ON CITY OF SANTA FE INVESTMENT PORTFOLIO AS OF DECEMBER 31, 2009 (HELENE HAUSMAN)
 - B. UPDATE ON GROSS RECEIPTS TAX FOR THE MONTH OF FEBRUARY 2010 AND LODGERS’ TAX FOR THE MONTH OF JANUARY 2010 (DAVID MILLICAN)
19. MATTERS FROM THE COMMITTEE



Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
MARCH 1, 2010

20. ADJOURN

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6520 five (5) working days prior to meeting date.

**SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
Monday, March 1, 2010**

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<u>CONSENT CALENDAR DISCUSSION</u>		
REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING ADMINISTRATIVE PROCEDURES FOR WATER DEMAND OFFSET REQUIREMENTS	Approved [amended]	20-23
***** END OF CONSENT CALENDAR DISCUSSION *****		
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**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE**
Monday, March 1, 2010

1. CALL TO ORDER

A meeting of the City of Santa Fe Finance Committee was called to order by Chair Matthew E. Ortiz, at approximately 5:15 p.m., on Monday, March 1, 2010, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

Councilor Matthew E. Ortiz, Chair
Councilor Christopher Calvert
Councilor Carmichael A. Dominguez
Councilor Rebecca Wurzbarger

MEMBERS ABSENT:

Councilor Miguel Chavez

OTHERS ATTENDING:

David Millican, Finance Director
Laura Vigil, Finance Division
Melessia Helberg, Stenographer.

There was a quorum of the membership in attendance for the conducting of official business.

NOTE: All items in the Committee packets for all agenda items are incorporated herewith by reference. The original Committee packet is on file in the Finance Department.

3. APPROVAL OF AGENDA

Chair Ortiz said he understands Items #11 and #17 are being removed from the agenda at the request of staff.

Mr. Millican said this is correct. Staff is seeking clarification regarding grant conditions on Item #11, and Committee and Council actions will not be required on Items #17.

MOTION: Councilor Calvert moved, seconded by Councilor Wurzbarger to approve the agenda, as amended.

VOTE: The motion was approved on a voice vote, with Councilors Wurzbarger, Calvert and Dominguez voting in favor of the motion, none against, and Councilor Chavez absent for the vote.

4. APPROVAL OF CONSENT AGENDA

MOTION: Councilor Calvert moved, seconded by Councilor Wurzbarger, to approve the following Consent Agenda as amended.

VOTE: The motion was approved unanimously on a voice vote.

CONSENT AGENDA

7. REQUEST FOR APPROVAL OF GRANT AGREEMENTS – 2009 SPECIAL SESSION, NEW MEXICO LEGISLATIVE GENERAL FUND APPROPRIATIONS; STATE OF NEW MEXICO, DEPARTMENT OF FINANCE AND ADMINISTRATION, LOCAL GOVERNMENT DIVISION. (DAVID CHAPMAN)
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 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND.

This item was removed from the agenda and postponed to the meeting of March 22, 2010.

12. REQUEST FOR APPROVAL OF GRANT APPLICATION AND AWARD – FY 2010/2011 LAW ENFORCEMENT PROTECTION FUND FOR POLICE DEPARTMENT; STATE OF NEW MEXICO , DEPARTMENT OF FINANCE, LOCAL GOVERNMENT DIVISION. (POLICE CHIEF ARIC WHEELER)
13. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING EXHIBIT B, CHAPTER 21, SFCC 1987 REFUSE AND RECYCLING RATE AND FEE SCHEDULE IBN ORDER TO INCREASE MONTHLY CHARGES FOR RESIDENTIAL AND COMMERCIAL CUSTOMERS BY 4.2% PER YEAR FOR FOUR YEARS; AND MAKING SUCH OTHER CHANGES AS ARE NECESSARY (COUNCILOR ROMERO). (BILL DeGRANDE) Committee Review: Public Utilities (Cancelled) 2/3/10; Public Works (Approved) 2/8/10; Public Utilities (Scheduled) 3/3/10; Council Request to Publish 3/10/10; and Council (Public hearing) 3/31/10. Fiscal Impact – yes.
This item was removed from the agenda and postponed to the meeting of March 22, 2010.
14. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING RULE 18 OF EXHIBIT A, CHAPTER 25, SFCC 1987, REGARDING WATER METERS (COUNCILOR DOMINGUEZ AND COUNCILOR BUSHEE). (BRIAN SNYDER) Committee Review: Public Utilities (Cancelled) 2/3/10; Public Works (Approved) 2/8/10; Public Utilities (Scheduled) 3/3/10; Council Request to Publish 3/10/10; and Council (Public hearing) 3/31/10. Fiscal Impact – No.
15. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SECTIONS 25-4.2 SFCC 1987, REGARDING WATER RATE ADJUSTMENTS. (MAYOR COSS AND COUNCILOR WURZBURGER). (BRIAN SNYDER). Public Utilities (Cancelled) 2/3/10; Public Utilities (Scheduled) 3/3/10; Council Request to Publish 3/10/10; and Council (Public hearing) 3/31/10. Fiscal Impact – yes
16. *[Removed for discussion by Councilor Calvert]*
17. REQUEST FOR APPROVAL OF A RESOLUTION AMENDING RESOLUTION NO. 2009-114 TO REDUCE THE SHARE OF FUNDING PROVIDED BY THE NEW MEXICO DEPARTMENT OF TRANSPORTATION (“NMDOT”) FOR THE CAPITAL COOPERATIVE AGREEMENT WITH THE NEW MEXICO DEPARTMENT OF TRANSPORTATION FOR IMPROVEMENTS ON PACHECO STREET (COUNCILOR WURZBURGER AND COUNCILOR ROMERO). (DAVID CATANACH) Committee Review: Public Works (Cancelled) 2/22/10; and Council (Scheduled) 3/10/10. Fiscal Impact – Yes.
This item was removed from the Agenda because it doesn't require Council or Committee action.

END OF CONSENT AGENDA

5. APPROVAL OF MINUTES: FEBRUARY 15, 2010 REGULAR FINANCE COMMITTEE MEETING

MOTION: Councilor Wurzburger moved, seconded by Councilor Dominguez, to approve the minutes of the Regular Finance Committee Meeting of February 15, 2010, as presented.

VOTE: The motion was approved unanimously on a voice vote.

INFORMATIONAL ITEMS

6. UPDATE ON CITY BUDGET PROCESS. (DAVID MILLICAN)

A. PEER REVIEW TEAM PRESENTATIONS.

1. PEER REVIEW TEAM 3PRESENTATION – GENERAL GOVERNMENT (BARB BOLTREK)

A copy of "Peer Evaluation Team 3 Recommendations – General Government," is incorporated herewith to these minutes as Exhibit "1."

Barbara Boltrek introduced the members of the team: Lee DePietro, Nancy Jimenez and Felipe Trujillo. Ms. Boltrek presented information via power point. Please see Exhibit "1" for specifics of this presentation.

The Committee commented, asked questions and gave direction as follows:

- Councilor Wurzburger said in a previous report there was a proposal from the CVB regarding the mail room staff, and asked if there is synchronicity between the two recommendations. She said Mr. Toler said he didn't need one of the mail room positions, and suggested moving it to the City Clerk's Office, while this report recommends eliminating one of the mail room staff. She asked how this fits together. Ms. Boltrek said it does fit in, and they discussed this with the restructuring team, noting it is part of a bigger restructuring, and this definitely is a consideration.
- Councilor Calvert noted the recommendation is to "Explore opportunities for selling advertising through renegotiating the franchise agreement." He presumes this isn't allowed under the current agreement. He recalls making some arrangement Comcast. Ms. Boltrek said it is possible, per the City Attorney, but we would have to renegotiate to sell ad time and pay a portion to Comcast.
- Councilor Calvert agrees that we should review fees annually, not necessarily to change, but just to review the fees to ensure they are covering the cost of processing.
- Councilor Calvert said the recommendation is to "cross train employees on various office functions." He said this is one of the universal recommendations to have backups and cross-training in every position, especially those which deal directly with the public.

- Councilor Calvert said there are recommendations on the contracts, and asked if they explored the possibility of joint purchasing with the State and City – pool these contracts for a better price. Ms. Boltrek said no.
- Councilor Calvert said, with regard to technology, the “lack of server capabilities,” and “more effective use of scanners,” is one of the universal recommendations. He believes we need to assess this organization-wide, and perhaps set up a schedule of the departments which would benefit in order of priority in terms of cost savings and productivity. He said we probably could save a lot of time on paper handling.
- Councilor Dominguez said, with regard to IT, it comes down to standards which should be established by IT, although he doesn’t know that would happen. He said this would coincide with the idea that the mail room staff has more knowledge about copies and such, and would relate to Councilor Wurzbarger’s idea about synchronicity.
- Councilor Dominguez would like to have seen the costs/savings for eliminating the graphics position and some of the other suggestions in the presentation.
- Councilor Dominguez recalled that there was an evaluation previously of the current City committees, and asked the result of that. Chair Ortiz said two were eliminated.
- Councilor Wurzbarger supports the recommendation to establish training programs for managers and supervisors, and this infers that this currently hasn’t been done. She asked, as part of the analysis, if the issue of customer service and training in that area was considered, noting this is a priority of the new City Manager and some of the Councilors.

Ms. Boltrek said it didn’t come up specifically, but it is one of those universal recommendations, and definitely should have been included.

- Councilor Wurzbarger commented that it is part of the role of supervisors to create career options, excitement and meaning in work for the City workers. She said this is important and comes under succession planning – while you are here, how can you create the most beneficial experience for employees while they are working with the City. She hopes this is taken into consideration in the future.
- Councilor Calvert hopes the training would be more than just how to process paperwork. He noted the Chamber has a leadership training program and we could benefit from sending some of our employees through that program periodically.
- Chair Ortiz said some of the numbers have to be fleshed out. He said to get rid of the graphics position and replace it with a PIO won’t bring much savings, and will be an add-on. He looks forward to seeing the numbers. He said some of the technological advances have become a recurring theme, and perhaps we need to impress on IT that it needs to do a different job in getting the City upgraded system-wide.

Chair Ortiz thanked the team for its time and hard work on this presentation.

Chair Ortiz noted that H.R. included its response at the back of this presentation. He would like that on the next agenda for action.

Mr. Millican said it was supposed to wait until Finance responded to the report.

Chair Ortiz asked if the Committee can take action on the H.R. recommendations.

Mr. Millican said the March 22nd report will incorporate all of that.

Chair Ortiz asked Ms. Gage if it is okay to hear the H.R. recommendation as part of the Finance, and Ms. Gage said it is.

2. PEER REVIEW TEAM 4 PRESENTATION – LAND USE (THOMAS WILLIAMS)

A copy of "Peer Review Team 4 Report on Land Use Department," is incorporated herewith to these minutes as Exhibit "2"

A copy of "Land Use Department – Process Initiatives," is incorporated herewith to these minutes as Exhibit "3"

Mr. Williams introduced the members of his Team: Robert Siqueiros, Eric Martinez and Cal Probasco. He thanked the City Manager for adding Eric and Robert who were extremely helpful.

Mr. Williams presented information via power point. Please see Exhibits "2" and "3" for specifics of this presentation.

Mr. Millican said it is important to look at fees for this department, especially during downturns, to look at the extent of the swing, noting this is an area which could catch us "off guard," depending on the extent of the swing.

The Committee commented, asked questions and gave direction as follows:

- Councilor Dominguez asked the rationale behind the consolidation of divisions – such as moving Historic Preservation under Development Review.

Mr. Siqueiros said it was to combine Current Planning, Technical Review and Historic Preservation under Development Review. He said the disciplines in these divisions sort of overlap, and some personnel have more expertise than others. It was thought by combining these, there would be cross-training, and we could assign people with more expertise on a project. There would be a pool of expertise, a pool of cross-training, and hopefully we would get a better product at the end, and probably more quickly.

- Councilor Dominguez said then currently, Historic Preservation “stands on its own,” and Mr. Siqueiros said this is correct.
- Councilor Dominguez asked if there are savings in moving Historic Preservation. Mr. Siqueiros said this was discussed, but it would be difficult in the short term to quantify the savings. However, in the long term there would be a more efficient review process, and hopefully some savings.
- Councilor Dominguez said Historic Preservation is one of those things which can get interesting at times. He said, in his opinion, the majority of the time this Council spends on interesting issues comes from Historic Preservation. He is curious to see how this would go forward.
- Councilor Dominguez asked, regarding cross training, if there was discussion about doing cross-training across departments, such as training the Police Department on some of the more simple code enforcement issues.

Mr. Siqueiros said it wasn't discussed, and the Team stayed totally within the Land Use Department, with the exception of the General Plan and the MPO which are in a different department..

Councilor Dominguez said, for example, there might be issues on Airport Road with which Planning staff can't deal on a weekend, but the Police are available to deal with some of the simple issues. He asked if there will be an opportunity to cross-train across departments.

Mr. Siqueiros said there definitely is opportunity for that.

- Councilor Calvert asked if the recommendation is to eliminate the Summary Committee, and move it back into the Planning Commission, noting currently the Summary Committee is a subcommittee of the Planning Commission.

Mr. Williams said it is, and the idea would be to combine it with the Planning Commission, or to take care of these issues at the same time, rather than having a separate subcommittee meeting.

Councilor Calvert said the reason it was set up as a subcommittee was so the Planning Commission meetings wouldn't be so lengthy, and all sets of issues could be handled more efficiently without the need to go through the Planning Commission. He wants to understand the rationale, and will wait for the Department response. He said this is reorganization, but he doesn't know whether or not it is efficient.

- Chair Ortiz said he appreciates the Team's efforts to collapse what has been a “silo” department. He said some of the departments were designed purposely so there were more “administrative hoops to have to go through.” He said finding a streamlined purpose for this particular department is probably good. He said the suggestion to eliminate 3 division director positions also is a good thing. He looks forward to seeing the Department's response. He said he agrees with some of Councilor Dominguez's remarks. He said the Nuisance Code enforcement complaints on a house

typically turn into public safety issues(s) for a neighborhood. He said having a combination of Code Enforcement interacting and working on a regular basis with public safety will be a good thing for the community.

- Chair Ortiz thanked Thomas Williams for the information, and the Land Use Department for implementing some of the initiatives we came up with four years ago.
- Councilor Wurzbarger asked, regarding the proposed General Plan update, if consideration was given to looking at the role of the Long Range Planning unit or activity in conjunction with the General Plan update, noting it currently isn't under this Department.

Mr. Williams said there was quite a bit of discussion along those lines. He said they had a recommendation regarding the role of Long Range Planning and how they would work in Land Use and Economic Development, but removed that recommendation after discussions with Ms. McCormick. He said they are working on the Economic Development initiatives in that Department, but not on the general plan.

- Councilor Wurzbarger asked Mr. Williams his assumptions in the report with respect to who would update the plan.

Mr. Williams said they did address this issue. He said it is clear, and acknowledged by Ms. McCormick that this would be a function of the long range planners in Economic Development.

Councilor Wurzbarger said, even though it is in this report, it doesn't assume that anyone in the Division as currently reorganized would do this work. The work would be given to Ms. McCormick and her team, and Mr. Williams said this is correct.

3. UPDATE AND REQUEST FOR APPROVAL OF FINANCE AND ADMINISTRATIVE SERVICES RESPONSE TO PEER REVIEW TEAM 1 RECOMMENDATIONS PRESENTED ON FEBRUARY 15, 2010 FINANCE COMMITTEE MEETING. (DAVID MILLICAN)

A copy of "City of Santa Fe Finance and Administrative Services Response to Peer Review Team 1 Recommendations," is incorporated herewith to these minutes as Exhibit "4."

Mr. Millican said he provided a copy of the recommendations with a response to the recommendations. He said they generally agree with the Peer Review Team's recommendations. Mr. Millican presented information from Exhibit "4." Please see Exhibit "4" for specifics of this presentation.

The Committee commented, asked questions and gave direction as follows:

- Chair Ortiz said if billing is removed from Finance and moved to utilities, does this mean that the amount taken from the utility account for services would then go to the Public Utilities Department. Mr. Millican said yes, this just transfers costs to that Department.

Chair Ortiz said it transfers cost, but it also would not allow the City to pull from the enterprise funds to bolster its General Fund activities.

Mr. Millican said they would continue to pull from the funds, but there are services which aren't in Finance which would need to be charged – payroll, some legal services, cost of the Council and the PUC support – but the amount would be significantly less.

- Chair Ortiz understands the second H.R. recommendation builds on the results of the classification study, and asked if there are limits preventing H.R. from being a part of Administrative Services & Finance. Mr. Millican said the connection between the H.R. Director and the Labor Relations function and the City Manager has to be very direct, so putting an interim level of report between those two positions doesn't always work well in that situation, but it can provide good support for sharing resources and coordination among divisions and departments. The structure is less important than how you make things work.
- Chair Ortiz asked if actual savings would be realized in personnel costs if you transferred the services into H.R. – if you did a unified payroll structure. Mr. Millican is unsure. He said currently they are in a difficult payroll situation involving a lot of work. Chair Ortiz said H.R. said it would be working toward that. Mr. Millican said they think they can reduce by one position. He said the plan needs to be fleshed out until we see if we can save that way. He said the new payroll systems are extremely, tightly integrated, and it is excellent to have all of the H.R. elements – benefits and payrolls – managed out of a functional location.
- Chair Ortiz said once the bugs are out and the system is operating at capacity, does that mean we get some savings because the system does the work instead of employees. When do we realize the savings. Mr. Millican said when the whole system is in place.

Chair Ortiz asked Mr. Millican when he will have confidence that we will realize savings. Mr. Millican said the payroll system was installed November 5th, so we have been in the process of implementation for 8 months. He said due to the problems in the first implementation, we have deviated from that path. He said once that system is down and process engineering has taken place, the second half of 2011 is when you can set staffing and know the savings. Mr. Millican said staff doesn't believe it would be possible to get that in place before June 30, 2010.

- Chair Ortiz asked Ms. Gage her thought on H.R. getting these new functions. Ms. Gage said on page 2 of her response she is in line with Mr. Millican as to when the system will be up to the self-service function. She estimates in the short term it will be 6-12 months before they go into the PA process and such.

Chair Ortiz said then Ms. Gage believes this can be done in 6-12 months, and Ms. Gage said yes. Ms. Gage said IT, Finance and HR have made incredible progress. Once we have the foundation down, we can then roll along.

- Chair Ortiz asked Ms. Gage if her department has the organizational structure to undertake this unified system. Mr. Gage said at this time, she is recommending dividing H.R. into two functions: the administrators function and the operation side. She said system functions and payroll would be under the operations manager, although that isn't included in the proposed organizational chart.
- Chair Ortiz said if we act on Finance's recommendation, where would this function fit in Ms. Gage's chart. Ms. Gage said she would see it under the Operations Section, and she would have a Payroll Benefits Supervisor over the technicians running payroll, entering all of the Personnel Action forms and benefits functions.
- Chair Ortiz said over time, because the system would be a self-service system, the work from those positions would be absorbed because of the system itself.

Ms. Gage said there is the potential for this. The main benefit is that it releases personnel who currently are doing these things manually to provide more work on their own department's mission, goals, etc.

Mr. Millican said this function will take a lot of time, but little attention can be given to tax and benefits compliance issues. The second issue is that Henry Aranda, Contracts Administrator, Risk Management, is retiring. Ms. Gage said her recommendation is that the position reside in either Risk & Safety or in H.R..

Chair Ortiz said Risk is being moved to the City Attorney's Office. Ms. Gage said this is the reason she didn't define definitively where it should be. This position would help to make room for a Payroll Compliance person. Currently the Risk Analysis and Financial Analysis is in H.R. She believes Risk and Safety still needs someone to do its analysis and maintain its contracts. It makes sense to have the City's self-insured employee benefit insurance program managed by the same person who is managing the risk of the General Liability, Workers Compensation, and such.

Mr. Millican said in the current organization there is a fragmentation of focus and some insurance is treated differently. H.R. needs someone who can understand actuarial studies, and turn them into internally charged premiums, and also to have the financial capability to look at the costs of personnel across the entire spectrum of compensation. He would see this as being able to provide a better personnel cost/information cost which the City doesn't have currently.

- Councilor Calvert said he sees an overall shuffling of people and he is unable to keep up with all of this. He wants to see, in one set of recommendations regardless of where the function is moved, an overall score card of where these people have been moved to make some sort of sense of all these recommendations. He said he is "losing track of all of these pieces."

Mr. Millican on the last page it indicates IT probably needs department status. He said everybody is not served equally if it belongs to one turf, and needs the voice of all departments and functions. This is a fairly radical change – reduce the current Finance Department structure from 130 to 75 employees to create the IT Department, employees going to HR and employees going to Utilities..

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- Councilor Calvert asked if Administrative Services will go away if we do this. Mr. Millican said yes, it becomes a Finance Department.

Councilor Calvert said we need to understand how this will work and what the financial implications will be of the changes.

Chair Ortiz said this won't eliminate the administrative services functions, there is shifting to segment them. He said there will be a new Department Director and consequent increase in salary, as well as other increases. It said it will not be a flatter, wider organization, but it will be in some ways a more narrow horizontal organization.

Mr. Millican said this recommendation removes a layer from finance. He said it is difficult for a Finance Director to have impacts across the entire administrative services group.

- Chair Ortiz said another recommendation from the peer group, with which Mr. Millican agrees, is to come up with a motor pool inventory concept, and asked who would be responsible for this function. Mr. Millican said the recommendation for fleet is to move into the Public Works Director's purview.

Chair Ortiz said then inventory and control would become a function of Public Works, not of administrative services or general government. Mr. Millican said it is inventory and control of the fleet instead of the parts system. He said in some ways, the structure doesn't matter so much as how you work together.

- Chair Ortiz said the structure does matter in terms of looking ahead to the Classification & Compensation Study where we are discussing a unified system for all employees – bargaining and non-bargaining. We are shifting positions and therefore titles which will impact whether or not we go with the recommendations of the Classification and Compensation Study.

Mr. Millican said it will, although the Class/Comp Study isn't that sensitive to these structures.

Ms. Gage said we have recommendations in the Class/Comp Study of what the job titles should be and where they should be slotted, which is the consultants' recommendations. She said what will be time consuming and difficult about doing this will be the conversations with the bargaining units and the Governing Body to develop a final determination of where everyone will be slotted.

it comes at a cost. And that's what I see in listening to what's being proposed. And, maybe you can convince me that that's not going to take place, or maybe we can hold the line on some of the positions. Can we."

Ms. Gage said the Comp/Class report was put together by the consultant. The question of whether or not salary increases will happen, or other things will happen, will be determined in different implementation schemes. At this point, all we know is where Evergreen says that everybody should be, all of the other things are yet to be determined – who gets raises and who doesn't.

- Chair Ortiz said he believes Evergreen looked at the status quo as our organization currently exists – it will cost about \$51,000 to adjust now, if we go with their recommendation, but that doesn't consider any of the proposals from the peer review.

Ms. Gage said it is the status quo, and the cost would be to move people to the minimum of the job grade, and wouldn't address mid-point or higher.

- Councilor Wurzbarger said her bottom line again, in terms of what she needs to make a decision, is what is new, what is old, with a comparison and, bottom line, the cost impact. She said the first thing she will want to do, regardless of what is recommended by Evergreen, "if this is the proposed structure, what we need as a Finance Committee, is we need to understand the financial impact of the proposed structure. That's the next step for me. And to make very clear... and what I don't think we're getting from the study, is I want to take that structure, and direct you, as staff, starting, I guess, with Robert and Dave, to say, okay, if this is the proposed structure, what we think is the best way to go. What does it cost us, but where are the disparities. How many supervisors do we have, and what is the range in pay, not the hypothetical, and how many people are they supervising. I feel like this broken record for years now. Those are three critical questions for me – the comparability issue, the equity issue and the policy question to me, is in looking at those variables do we have equity or do we not. And, that's not something Evergreen, I guess, is going to tell us, particularly since it's now based on an old model."
 - Chair Ortiz said, to be fair to the study, if we get more detail, we could come up with system where once people are slotted, there could be a way of finding equity with regard to position versus position. He said in doing the unified approach, we could say, this position which is in the bargaining unit which does this, is equivalent to some other position which is being paid less and move them up.
- Councilor Wurzbarger said we have to look at this in the context of the changes we actually will be approving, and that's not clear.
- Mr. Millican understands her concerns, but it is difficult to predict what is going to happen because so much depends on exactly how it is implemented. He said the Chair identified one of the major issues which is a new department director in this recommendation, but the priority of IT makes it a critical department. He said the City organization's success is now so dependent on effective IT implementation, and it is an important priority to emphasize.

- Councilor Wurzbarger asked if she is now to infer that this will be the only new department director.

Mr. Romero said he will bring forward what Councilor Calvert has requested on March 22nd, and he will be making recommendations on establishing the budget. He said this is where we will see how this is done – perhaps there will be a new department, but maybe we won't fill an existing department, or perhaps they will eliminate an assistant division director. He said the whole thing, in its entirety, will be presented, and staff will be requesting approval to set up the budget for the proposed organization. He will provide a checklist of what is added and/or eliminated. He has asked every department and division to submit an organization with the span of control, so we can identify every supervisor and how many people answer to them. He is looking, in the big picture, to flatten the organization.

Councilor Wurzbarger said then we will know the number of supervisors, the range in salaries and the number of people they supervise, and Mr. Romero said yes.

Chair Ortiz said then we will defer the discussion of this to the next meeting, March 22, 2010, with direction to staff.

B. PROPOSALS TO IMPLEMENT BUDGET BALANCING MEASURES FOR FISCAL YEAR 2009/2010 AND FISCAL YEAR 2010-2011.

- 1. REVENUE AND ECONOMY UPDATE**
- 2. MID-YEAR REVIEW AND CONTINGENCY PLAN STATUS.**

Mr. Millican noted there is a Memorandum in the packet along with a survey which he provided to the Committee.

Mr. Millican reviewed the information in his Memorandum of February 26, 2010. Please see this Memorandum for specifics of this presentation, noting there will be a one-time, slight deficit of \$120,000.

The Committee commented, asked questions and gave direction as follows:

- Councilor Calvert said then the \$1.85 million was the overall revenue shortfall. Mr. Millican said it is the overall revenue shortfall in the General Fund.
- Councilor Calvert said then the “unanticipated one-time revenue changes,” is a negative.

Mr. Millican said he was trying to distinguish between the ongoing operations effects and the one-time effects, and that was part of the \$1.85 million. He said \$1 million is from GRT, \$600,000 is from these changes, and all other revenues produced a net \$300,000 decline relative to the adopted budget. He said there is a summary on page 11, and he can provide a very detailed

analysis of the source of that revenue. He said another thing to note is that among the vacancy savings, almost \$800,000 comes from the Fire Department's vacancies which have occurred during the year and will be filled after a Fire Academy late in 2010.

Councilor Calvert said then we're okay this year, but there will be problems next year.

Mr. Millican said the savings don't continue through to next year, noting that savings always happen, but won't be the same ones next year.

- Councilor Wurzbarger said these are large savings because of what we did in not filling positions, and she has a concern about the recommendation, given what Mr. Millican just said about the Fire Department. She said if he is asking for authority to fill \$1.5 million in positions, she feels it is foolish to fill these positions in light of the fact we know one year from now, we will have \$800,000 with which to deal on the Fire Department alone. She said it is better news than we thought we would have, and presumes these positions will be filled. Mr. Millican said the City is in the process of recruiting Fire trainees.

Councilor Wurzbarger believes the most we have available is \$700,000, and not \$1.5 million.

Mr. Millican said that would be one way to characterize the savings. The purpose of this analysis is to determine whether or not we will get through this year without a major deficit.

Chair Ortiz said this is the response to the request from the Committee to develop a contingency plan because we saw a deficit. Staff is telling us we don't have a deficit this year because we have an over-and-above a vacancy savings, most of which comes from the Fire Department. We also have another reduction which has been requested by the City Manager. As the result of these two items, we do not have a contingency plan this year. However, staff is requesting that any new vacancies be hired by the City Manager and only come to this Committee if we are short the \$1.5 million. He said staff will give an update on who has been hired, but they don't want to come to us for approval because we would disapprove some of them.

Mr. Millican said very few have been disapproved, but there are number on the list to fill automatically, but a number have been delayed through the process until this meeting. He said his experience with the new City Manager is that his "conservatism is significantly higher in this area than we had before."

- Councilor Wurzbarger said she still wants a response from the City Manager, in terms of this policy request, how do we make certain we don't tie our hands by going forward with full hires, without being at the same place again next year.

Mr. Romero said the intent is to hold the \$1.5 million savings to the end of the years. For example, somebody retires who is paid by the General Fund, and he knows Mr. Millican badly needs a

Financial Analyst, and he agrees this is a critical need and fills the position. He said we still will be exceeding the \$1.5 million in savings, but he will bring the hires to this Committee every second meeting.

Mr. Romero said he is asking staff to justify why the position can't be filled using existing staff. He said there are some areas, such as Transit, where there is no redundancy and it doesn't make sense to pay overtime, and it is better to hire people. He said any position filled will be because "we're already there for this year, and I also have ideas for next year, so that.... and that will be coming on the twenty-second... how we're going to have the contingency plan for next year right off the bat. We're going to have certain positions that are vacant now which will continue to be vacant through next year, until an appropriate time where they may or may not be filled."

Mr. Romero said he is asking for the authority to fill critical positions from here forward where he can identify savings in excess of \$1.5 million. He said he will be transparent with the reasons for filling a position. He said it would be easier for us to "do our business, and if it doesn't work out after month, and you don't agree with my decisions, well we can go back to this."

- Chair Ortiz asked the definition of critical position. He said the process, as a condition of the budget, is where you or the departments came and justified the criticality of a particular position as opposed to accepting on faith that you've hired these people and we've got a position. And then, you will come to us after the fact and tell us this is critical and the reason. If we disagree, it's "tough luck, the person started last week."

Mr. Romero said if the Committee doesn't trust his judgment and doesn't want it to be this way, they can say to no to the request, and he will continue to come to the Committee. He stressed that he hasn't come to the Committee to fill a position because he hasn't seen anything that critical, since he's been hired. He was asking for this opportunity, but if the Committee doesn't think it is appropriate, he can continue "doing what we're doing."

Chair Ortiz said it isn't a matter of trust, so much as we want to give you the same flexibility we gave to the old City Manager, so we're treating you equally to how we treated your predecessor in terms of "coming up and describing what's the critical components of a particular position, given the fact that, yes, we have this vacancy savings, but it's a one-time deal to show that we're flush. I don't know if it is a question of trust, so much it as it's a question of abiding by the terms of the conditions when we passed the fiscal year budget, but that's, I guess, up to the Committee."

- Councilor Wurzbarger said for her, it isn't an issue of trust, but there is an issue with what we actually passed with respect to the budget. She is understanding him to say he feels confident, he and Mr. Millican, that we have the \$1.5 million in vacancy savings in our hands, and the proposal and request for filling vacancies at this point is not based on changing the \$1.5 million. Rather, it is based on upcoming vacancies, which she didn't understand when this was presented.

Councilor Wurzbarger said she wouldn't mind a one-month approval to see how this goes, as long as we are confident about the \$1.5 million. She said what has been arduous through the process is how the numbers keep changing, noting this can't be helped. She said suddenly we have new vacancy savings of \$1.5 million rather than a year-end deficit of \$4 million. . She reiterated she is comfortable with a restricted approval for one month, and Mr. Romero will bring us justification after the fact, noting she is assuming it wouldn't be for "hundreds of thousands of dollars." She does not like balancing a budget with vacancy savings, and prefers to do this with income. She said once we have the full budget before us, staff will have worked-out the details of balancing the budget, she will have more confidence.

- Mr. Romero said he understands, but most of the expenses for personnel come from the General Fund. He wishes we could determine how to generate more money. He said he probably will bring the positions to the Committee before they are filled. He said he will bring a list of all vacant positions and his recommendation to the next Finance Committee. He said he can advertise them, and if the Committee says no, he can "unadvertise" them. He said there is frustration among staff in being able to provide services with existing staff, and the reason he made this request.
- Chair Ortiz said he would feel more comfortable with the compromise proposed by Councilor Wurzbarger given several reasons. Number one, we're going into an election, and to say that we'll get a list *post hoc* of critical positions that have been filled "the timing seems to me suspect." He said the positions may be at a low level where the savings were insufficient, but we're not seeing a movement of positions to fill services from other departments. "We're seeing in some ways, a continuation of a status quo, so we're looking to have positions in GCCC and not look at seeing if there's positions that are excess in other departments that can be moved or transferred before actually taking on these positions, and so I would feel comfortable with the recommendation Councilor Wurzbarger has. If you need to advertize, advertize and then you bring the list on the twenty-second, and then we can have this as an item for discussion and action, and then, if we want to change the policy, then we change the policy because it was a condition of the budget. That would be the proposal I would have."

Responding to Councilor Wurzbarger, Chair Ortiz said no motion is needed because this is under information and really is direction to staff.

- Councilor Dominguez said then the \$1.5 million will be there, because there is an idea that there will be vacancy savings above that and you want to be able to use those funds to fill some of these positions and still maintain the \$1.5 million.

Mr. Romero said, "Right. What I'm saying is we have this \$1.5 million above the 4% that we already projected. I wouldn't have asked for this authority if we weren't already at this point. Now, I'm asking that, say we lose a... we have a vacancy tomorrow, I want to keep this \$1.5 million there, we're not going to touch that, and we'll show you where the vacant positions are, how much they're saving and above that \$1.5, if we can fill critical positions."

- Councilor Dominguez said then we'll still maintain the contingency of \$1.5 million, and Mr. Romero said this is correct.

Mr. Millican said one of the objectives is to create a standardized reporting method, which is the report you see here which estimates vacancy savings, and you would see that every month. You could confirm that the \$1.5 million is being maintained.

Councilor Dominguez said, "Mr. Chair, I'm okay with that idea."

Councilor Calvert said his concern is that we have the \$1.5 million now, but this is balancing money for this year's budget. If we hire this year, even though we keep the \$1.5 million, it will vanish at the end of the year, but the positions and salaries will continue and will be added to our current burden.

Mr. Romero said he sees the \$1.5 million as continuing throughout next year if we don't fill the positions. He said the ones filled won't be included in the \$1.5 million.

Councilor Calvert said the \$1.5 million may be available at the end of next year, but not at the beginning of the year and the salaries will be in place.

Mr. Romero said he is proposing for next year's budget to budget the vacant positions, but not fill them – we don't fill them until appropriate. He said the positions will still be vacant if we have to use the \$1.5 million to balance next FY budget. He reiterated he is asking to fill critical positions with savings above and beyond the \$1.5 million.

Councilor Wurzbarger said the maximum amount that we would take forward to the next fiscal year would be \$700,000b – \$1.5 million minus the \$800,000 for the Fire positions to be filled.

Mr. Millican said there will be a number of vacancies which won't be filled, so there would be \$700,000 plus anything which becomes vacant which isn't used to fill positions between now and the end of the fiscal year.

- Mr. Romero said some of the positions which generated the \$1.5 million may only have become vacant two weeks. If that position stays vacant and is vacant at the beginning of the next fiscal year it could generate more savings. He will leave those 30 positions vacant through the next FY.

Councilor Calvert said to the extent he fills positions in the meantime, will be subtracted from that amount.

Mr. Romero said it won't be subtracted, and presented another example of someone who retires who isn't on this list which would still leave the \$1.5 million.

Councilor Calvert said there were positions already in the \$1.5 million which are filled which will be subtracted from the amount moving forward.

Mr. Romero there might be vacant positions which are more critical to fill than the ones which become vacant tomorrow. He reiterated that the \$1.5 million will be kept "full."

Chair Ortiz said, "I'll just give you the forewarning, Robert, because you're falling into the same trap that happened last year that caused a fair amount of discussion and dissension in passing this current budget, which is why are we budgeting for positions that we're just keeping vacant, just to keep money on the books if they're not serving the organizational purpose. If there is a position that is vacant and the organization doesn't suffer for not filling that position, then you eliminate that position and you save that particular money. And so, I understand what you're trying to do. I understand the request from the Committee." He said this will be an action item on the agenda for March 22nd, and we can see what Mr. Romero is proposing, and we will be able to give some direction to the Council the following week.

Mr. Romero said this is a good point and he will look at all vacant positions, talk to the department and division directors to see if they really need the position, or if it can go away forever.

C. STATUS UPDATE ON THREE (3) CONDITIONS FOR NEW BUDGET MEASURES FOR FISCAL YEAR 2010/2011.

- 1. CONTRACT REDUCTIONS**
- 2. CONTINGENCY PLANNING**
- 3. PRESENT RESTRUCTURING COMMITTEE PLAN**

D. CLASSIFICATION AND COMPENSATION STUDY – REPORT AND RECOMMENDATIONS BY EVERGREEN SOLUTIONS, LLC. (VICKI GAGE)

Vicki Gage presented information regarding this matter from her Memorandum of March 1, 2010. Please see this Memorandum for specifics of this presentation. She thanked Gary Barkley for shepherding Evergreen to be sure this project stayed on track. She said staff is looking for direction to move forward to get this in the final implementation stage.

The Committee commented, asked questions and gave direction as follows:

- Chair Ortiz said asked if the City is allowed, under the negotiations, to present this recommendation to go to a unified pay structure. It doesn't affect Police and Fire, because the recommendation to keep those separate.

Ms. Gage said the pay ranges, pay grades and such will have to be negotiated. She said the recommendation is simply to combine all job titles into one structure.

Chair Ortiz asked if we have this authority without bargaining. Ms. Gage said this is a question for the City Attorney.

- Chair Ortiz asked, if the City were to decide on a merit pay system under a unified classification, if the City can do merit pay outside the bargaining unit. Or, once you go to merit pay, it has to be uniform throughout the entire structure.

Ms. Gage understands "what is within the bargaining unit, what is negotiated will be negotiated. In other words, we can't apply something that has already been negotiated."

Chair Ortiz asked if the City can bifurcate merit pay separate from what has been negotiated.

Ms. Gage said if we are in a unified system, "and then could we say okay, but these jobs can get merit pay and these can't," because the union is going to negotiate no merit pay. She asked Mr. Barkley to speak to this question.

Mr. Barkley said it can be done. The recommendation probably would be to start with the non-union work force and apply performance based pay to the non-union work force. Anything applied to union, to AFSCME for example, would have to be negotiated. But it absolutely can be done separately.

- Chair Ortiz said the H.R. recommendation is for a unified system, bargaining, non-bargaining, 30 classifications, and the cost to do adjustments is estimated at about \$52,000. He asked if the request for this Committee to make this recommendation and do that before the beginning of the next fiscal year – is this the time frame.

Ms. Gage said they are looking for direction on what they can begin to start work.

Chair Ortiz said most of the adjustments will happen within the bargaining unit, not within non-bargaining units. It seems a nice way to have interest based bargaining, if you can show a tangible benefit to the bargaining unit by going to this system, by showing the positions which will benefit.

Ms. Gage said they are hoping to set this up on interest-based. She believes the compensation will be huge in terms of labor relations, and believe employees need to feel they are being treated equally. She believes it will reduce a lot of the H.R. problems if they have something which everyone can agree on from the onset.

- Chair Ortiz said management needs to do a better job in showing the bargaining units how much their compensation is really tied to the arrangement of the benefits package, to show, on the whole, the piece of pie has been divided for them so they have relatively generous benefits as compared to their peers in other places. He said they need to negotiate shifting the pie to take more money home, or to pay more out of their pocket for health insurance, retirement and the other benefits provided by the City. This hasn't been part of the equation when it is presented to the bargaining units.

Councilor Calvert's remarks here are inaudible because his microphone was turned off.

Responding to Councilor Calvert, Ms. Gage said the study was done strictly on base pay.

Councilor Calvert would like to show comparability to other jurisdictions – the whole pay package.

- Councilor Dominguez talked about wanting to be sure employees are being treated and paid equitably. He said there is general data nation-wide indicating gender based differences in pay, and asked if this is an equation which was articulated or part of the study.

Ms. Gage said no. She said they looked at a sample of 56 City jobs which were compared to our competitors. However, there were no positions which would be filled primarily by females or by males.

Councilor Dominguez said there is an inequity within the organization for which he works in terms of pay for engineers and designers between men and women with the same level of knowledge, skills and abilities. He wants to know if this exists in our organization.

Ms. Gage said, because they have the data, they can look to see if there appears to be inequity between genders, but the City didn't specifically look at this when it was comparing the jobs with our competitors.

Councilor Dominguez said, for the record, he wants to make it a point to say if there is an inequity in the organizations to which we are compared, it probably will be true with this organization as well.

- Councilor Dominguez asked if he can get this report electronically, and if it was on the disk provided to the Committee. Mr. Millican said there is a pdf file of the report which can be transmitted.
- Councilor Wurzbarger said this Committee is really happy to get this done, and her leadership has really helped.

Chair Ortiz said the direction to staff is to start negotiations/discussions with the unions on the common structure, unified option, and to have this as part of their budget so we are looking at a potential implementation in the next fiscal year – build it into the process and make sure it is negotiated so it can be available and ready to operate in the next fiscal year, clarifying that this is the option being recommended by the H.R. Department, and to the extent there is a secondary analysis of information collected to test validity of the data, to see if there are other things which work with the compensation differentials.

CONSENT CALENDAR DISCUSSION

- 16. REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING ADMINISTRATIVE PROCEDURES FOR WATER DEMAND OFFSET REQUIREMENTS (COUNCILOR CALVERT). (WENDY BLACKWELL) Public Utilities (Cancelled) 2/3/10; Public Works (Approved) 2/8/10; Public Utilities (Scheduled) 3/3/10; Planning Commission (Scheduled) 3/4/10; and Council Request to Publish 3/10/10. Fiscal Impact – No.**

Chair Ortiz understands there are proposed changes.

Chair Calvert said he would like a discussion and asked Wendy Blackwell to discuss the proposed changes.

Ms. Blackwell said the proposed changes are as follows:

1. Amend Section 2.1.1(h) to provide people would be required to bring a proportionate amount of water rights for an addition to an existing residential structure.

Councilor Ortiz asked, for example, if he is doing an addition to his house and he can demonstrate there will be increase in water demand, why he has to bring anything additional.

Ms. Blackwell said that is already exempt, which is explained in (a) through (g). They were trying to focus on how to handle additions to a structure.

Councilor Ortiz asked if this would cover an addition, for example, to build a bathroom for his mother-in-law of 500 sq. ft.

Ms. Blackwell said you can have up to 3 water fixtures and up to 500 sq. ft. in an addition and not be required to bring any water.

Councilor Wurzbarger asked what happens if you want to add 1,000 sq. ft. with no additional bathrooms.

Chair Ortiz said (h) would apply in that situation.

Ms. Blackwell said she could do an Option B, in looking at the water use increase. She said if they want to go with standard language, they would be required to bring all 8 retrofits required for a lot which is 6,000 sq. ft. She said we are now debating whether it would be more fair and equitable to require them to bring a proportionate amount of water for the increased size, and gave an example of how that is calculated. Or, they could do an Option B.

Councilor Wurzbarger said people in her district add 1,000 to 2,000 sq. ft. garages, which is an addition which would have no water requirement. Councilor Calvert said this is already covered and is an option.

Chair Ortiz asked who is vetting these regulations, if this is being circulated among the industry, and what other City committees will be hearing this bill.

Ms. Blackwell said the Council adopted the Ordinance last summer, and these are the administrative procedures for implementation. It has gone to Public Works, Water Conservation, and to Finance Committee this evening. It will go to Public Utilities on Wednesday, the Planning Commission on Thursday and then to the City Council for a request to publish.

Chair Ortiz said it is a Resolution and asked the reason for a request to publish, noting typically administrative policies are done by Resolution to allow for quicker changes.

Ms. Blackwell said then we don't need a request to publish.

Chair Ortiz asked if this has to be done by March 10th, and Ms. Blackwell said it was supposed to be done by January 1, 2010. She said it is less expensive to use already certified toilet retrofit credits than to buy water rights from the City, so we are still using the old program credits.

Councilor Wurzbarger asked if these have been seen by the Builders Association, the people who actually be dealing with these situations.

Mr. Lyon said a number of builders, represented by Jim Brockman, reviewed the ordinance, and Mr. Brockman is still coordinating this group, and sent a few people such as Rick Borrego to the Conservation Committee meeting, so they have seen it.

Councilor Wurzbarger would like to give direction to staff to send this formally to the Santa Fe Area Homebuilders Association and/or direct staff to invite them to a meeting to go over the administrative procedures, and to make a broader announcement about this. She said this couldn't come to BQL because of the deadline, so people in the business community are unable to look at this. She sees no pressing need to hold it to the March 10th deadline.

Chair Ortiz asked Councilor Wurzbarger if she would like it to come back to the Finance Committee.

Councilor Wurzbarger said no, it can go forward, but she would like for it to come back to the Council with comments from those respective groups. She believes it is important to go to the building community. She suggested Ms. Blackwell give it to Kathy to give to BQL members. Ms. Blackwell said she has already done this.

Mr. Lyon said he met with the Santa Fe Realtors Association on these procedures.

2. A recommendation to add administrative costs to the \$15,000 per afy. Staff is recommending an amount of \$16,660.

Councilor Ortiz asked if the ordinance provides for an assessment of an administrative fee, but doesn't prescribe an amount.

Ms. Blackwell said the only place it discusses administrative fees is for the water rights vetting through the legal department.

Mr. Lyons explained that originally an administrative fee of \$1,000 was proposed on top of the \$15,000 per afy, for a total of \$16,000 per afy. He said it is proposed to be a total of \$16,660. Staff feels we will be selling more water through the program, and we can expect to sell 8-10 afy through the program which would generate \$8,000 to \$10,000 at \$1,000, and at \$1660, it would generate \$12,800 and \$16,000.

He said professional services expenses are estimated at \$5,000, with printing and mailing costs, and other expenses could be \$11,000 per year. To cover these expenses, he believes it could be justified to keep the administrative fee at \$1,600 as opposed to dropping it to \$1,000 per afy. He will prepare a Memorandum detailing these costs and revenues prior to the Council meeting.

3. Amend Section 2.4 of procedures dealing with retrofits to extend the deadline to verify retrofits. Chair Ortiz suggested the deadline be extended to the end of the fiscal year.

MOTION: Councilor Calvert moved, seconded by Councilor Dominguez, to approve this request, subject to the three changes recommended by staff above; with direction to staff to provide the justification memorandum to provide a nexus to prove that we need to increase the administrative fee to \$1,660; with direction to staff to set up a vetting process with the homebuilders; and with direction to staff to consult with the City Clerk to move the deadline for the Council to hear the Resolution from March 10, 2010, to at least the second meeting in March 2010.

VOTE: The motion was approved on a voice vote, with Councilors Calvert and Dominguez voting in favor of the motion, none against, and Councilor Wurzbarger absent.

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION

18. OTHER FINANCIAL INFORMATION:

A. UPDATE ON CITY OF SANTA FE INVESTMENT PORTFOLIO AS OF DECEMBER 31, 2009. (HELENE HAUSMAN)

Mr. Millican presented information from Ms. Hausman's Memorandum of March 1, 2010, to this Committee, which is in the packet. Please see this Memorandum for specifics of this presentation.

Mr. Millican said they may be coming to the Committee with recommendations to do interfund loans so we can spend cash on hand before issuing debt so we don't have negative arbitrage. He said there will be more transactions such as the \$60 million water bond where we are using interfund loans within the various water funds to cover BDD expenses until the debt is issued so the overall cost would be lower.

Mr. Millican said he would like to schedule a discussion in the future so Southwest can report on its activities and give you an idea of the value we've added as the result of that contract.

**B. UPDATE ON GROSS RECEIPTS TAX FOR THE MONTH OF FEBRUARY 2010 AND
LODGERS' TAX FOR THE MONTH OF JANUARY 2010.**

Mr. Millican noted the Memorandum in the packet, noting there is good news on the GRTs, but there is a weakness in the Lodger's Tax which puts more importance in looking at Convention Center and CVB funding and determining how to make that work in the long run. They will be using more reserves than anticipated due to that shortfall in the Lodger's Tax.

19. MATTERS FROM THE COMMITTEE

There were no matters from the Committee.

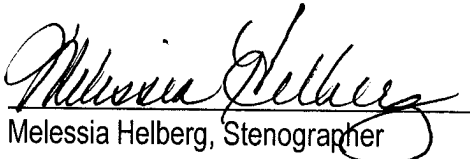
20. ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at approximately 8:00 p.m.

Matthew E. Ortiz, Chair

Reviewed by:

David N. Millican, Director
Department of Finance



Melessia Helberg, Stenographer